Saskatchewan
Tourism and
Small Business

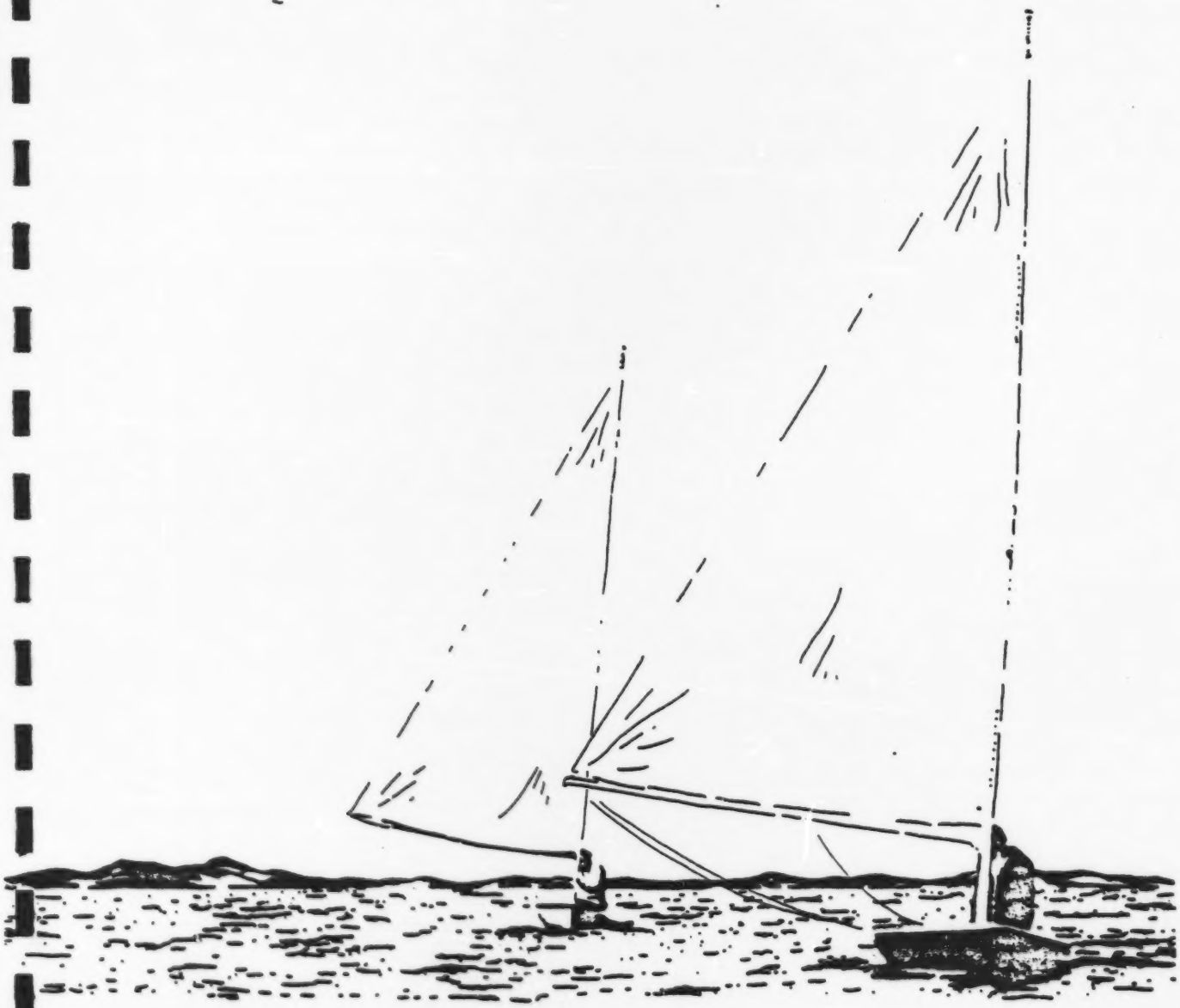
LAKE DIEFENBAKER/ELBOW HARBOUR
MARKET OPPORTUNITY STUDY

March, 1984

Lake Diefenbaker-Elbow Harbour Market Opportunity Study

Final Report

Saskatchewan Tourism
and Small Business



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EXECUTIVE SUMMARY

- The Potential

Lake Diefenbaker is the largest lake in Southern Saskatchewan and is increasingly being recognized, by residents, as a water-based activity destination area. Five planning studies, including the comprehensive "Lake Diefenbaker Recreation Strategy" and the "Saskatchewan Provincial Tourism Strategy" have indicated the lake's high potential for such activities as fishing, boating, camping, day-use, swimming, hiking, nature interpretation and hunting. Both these reports also refer to the need for such facilities as a marina, golf course, fixed-roof accommodation, boat rental and support services.

Lake Diefenbaker then, seems to be functioning considerably below its potential to provide a variety of tourism/recreation activities and experiences to a number of market segments.

- The Markets

Elbow Harbour has a market area within a two hour drive, or a 180 km radius of the site. The existing market segments (including Danielson and Douglas Provincial Parks) are anglers, boaters, campers, day users, and hunters.

The Elbow Harbour area presently draws:

- 39,682 vehicles entering Danielson Provincial Park (1982);
- 23,906 vehicles entering Douglas Provincial Park (1982); and
- 23,608 vehicles entering Elbow Recreation Park (1982).

This represents 296,500 visitors to these three sites (assuming 3.4 people per vehicle).

It is also known that:

- 6,671 anglers visited the lake in 1983 (June through August);
- 29,500 boaters (keelboats, day sailers, outboard motors) are in the market area;
- boat ownership will probably grow at 8% per year over the next 10 years;
- population in the market area will continue to grow at 2% per year; and
- visitation to the two parks will grow at 6% per year.

- The Market Opportunity

Three approaches were used to assess the market opportunity for the proposed mix of facilities.

Approach 1 acknowledged the recommendations of three independent consulting firms which support the proposed development mix.

Approach 2 used the fixed roof accommodation (30 units) as the base facility to assess the market opportunity for a Lake Activity Center. This approach also assessed the market for a:

- marina - 150 to 250 berths;
- boat rental, 30 units;
- 18-hole golf course; and
- food services - restaurant.

In order to operate a viable fixed roof accommodation it would be necessary to occupy 2,846 visitor-nights in June, July, August, September. This could be accomplished if the facility attracted, according to:

(a) <u>Estimate 1</u>

- 2% of vehicle entries to Douglas and Danielson Provincial Park
- 5% of vehicle entries to Elbow Recreation Park
- 400 transient (from Highway 11) visitor nights

(b) Estimate 2

- 10% of Lake Diefenbaker anglers
- plus 5% of keelboat owners, 5% of day sailers and 7% of outboard motor owners in the market area
- 400 transient visitor nights

This performance seems attainable since rental home/cabin/cottage accommodation, in southern Saskatchewan is already used by 22.6% of visitors.

Because such a small percentage of the available primary market is necessary to maintain high occupancy in the 30 units, the study also suggests that an additional 10 up-scale units be added in the first years. This would eventually grow to a mix of high and low end accommodation. The objective would be to eventually have more quality units.

Approach 3 compared Elbow Harbour to five existing provincial developments of similar quality and style. Elbow Harbour enjoys a number of competitive advantages not found on the other sites including:

- largest lake in southwestern Saskatchewan;
- unexploited fishing and boating potential;
- proximity to Saskatoon and Regina;
- proximity to Route #11 (Saskatoon to Regina) and Trans-Canada Highway; and
- rapidly growing visitation.

There are, nevertheless certain disadvantages including:

- lack of tree cover;
- perception in market area as a reservoir and not a recreation resource;
- little opportunity for winter recreation because of lack of snow and lake drawdown; and
- lack of topographic undulation.

When the advantages and disadvantages are combined it is apparent that what Elbow Harbour does not offer in landscape resources is balanced by its proximity to the major urban centers of Saskatoon and Regina.

The Market Opportunity Study supports the development of each of the proposed facilities at Elbow Harbour and also suggests that consideration be given to:

- conference/small seminar facilities;
- site landscaping; and
- tennis.

The existing market conditions would seem to support immediate implementation backed by an intensive marketing and promotion program.

1. INTRODUCTION

1.1 THE PROJECT

Saskatchewan Parks and Renewable Resources and Saskatchewan Tourism and Small Business have identified potential opportunities for a full service marina, fixed roof accommodation food service, golf course and boat rental at Elbow Harbour on Lake Diefenbaker.

A number of recent studies produced for these agencies have also assessed the general potential of Lake Diefenbaker for a variety of water-based activities including sail and motor boating and fishing. All studies have come to more or less the same conclusion; that Lake Diefenbaker is significantly under-utilized by both boaters and fisherman and that the lake has the capacity to respond to significant increases in demand. As well there are ample opportunities for a variety of land-based activities that complement the experiences generated by this large water body including camping, nature interpretation, hunting, hiking, vacation homes, etc.

Two of the studies[1] have specifically identified Elbow Harbour as a focus for boating activity on the lake. Its proximity to the primary market and urban centres of Saskatoon, Regina and Moose Jaw, as well as its favourable location at the junction of the three arms of the lake, account for the support accorded this location.

Within that context then, the consultants were asked to identifty and quantify the market for a marina-centered commercial/recreation facility, including accommodation and golf course, on the lands presently administered by the Department of Parks and Renewable Resources at Elbow Harbour.

1"The Lake Diefenbaker Recreation Strategy" and "Boating on Lake Diefenbaker - A Market Analysis".

1.2 THE TERMS OF REFERENCE

The Terms of Reference stated that the objectives were to:

1. examine existing tourism/recreation developments within and adjacent to Lake Diefenbaker.

2. identify and quantify the resource base and the resource constraints of Elbow Harbour.

3. identify and quantify current market demands and future market trends for Elbow Harbour and Lake Diefenbaker in general.

4. identify market segments, and size and origin of potential user groups for these proposed commercial/recreational facilities.

5. identify preferred location for these commercial developments, based on existing information and the rationale supporting this location(s).

6. recommend short-term and long-term scope of development in general terms relative to current and future markets.

7. recommend any additional recreational facilities/services which may be required to make the project more viable.

The specific study requirements were to:

1. identify specific market segments and the size of those segments for the proposed new facilities.

2. identify the factors that will influence these market segments in the short-term and long-term.

3. make recommendations based on market and resource analysis as to seasonality, types of facilities, mix of facilities (i.e.

cabins only or cabins/condominiums, etc.) and size of facilities to meet initial and future demand.

4. recommend a preferred location at Elbow Harbour for these commercial facilities.

1.3 THE PROPOSED SITE

Elbow Harbour is immediately adjacent to the town of Elbow (population 313). The site is a small (approximately 200 acres), peninsula on the shores of Lake Diefenbaker and is located at the juncture of the three arms that form Lake Diefenbaker (Map 1). It is more or less centrally located to the major Saskatchewan urban centres of Regina and Saskatoon as well as within an hours drive from Moose Jaw and Swift Current. It is located in the Frontier Vista Travel Region (see Map 2).

The site has been designated in the Lake Diefenbaker Recreation Strategy as the location for a "Lake Activity Center" including a 200 slip marina, 20-40 accommodation units, golf course and day use area.

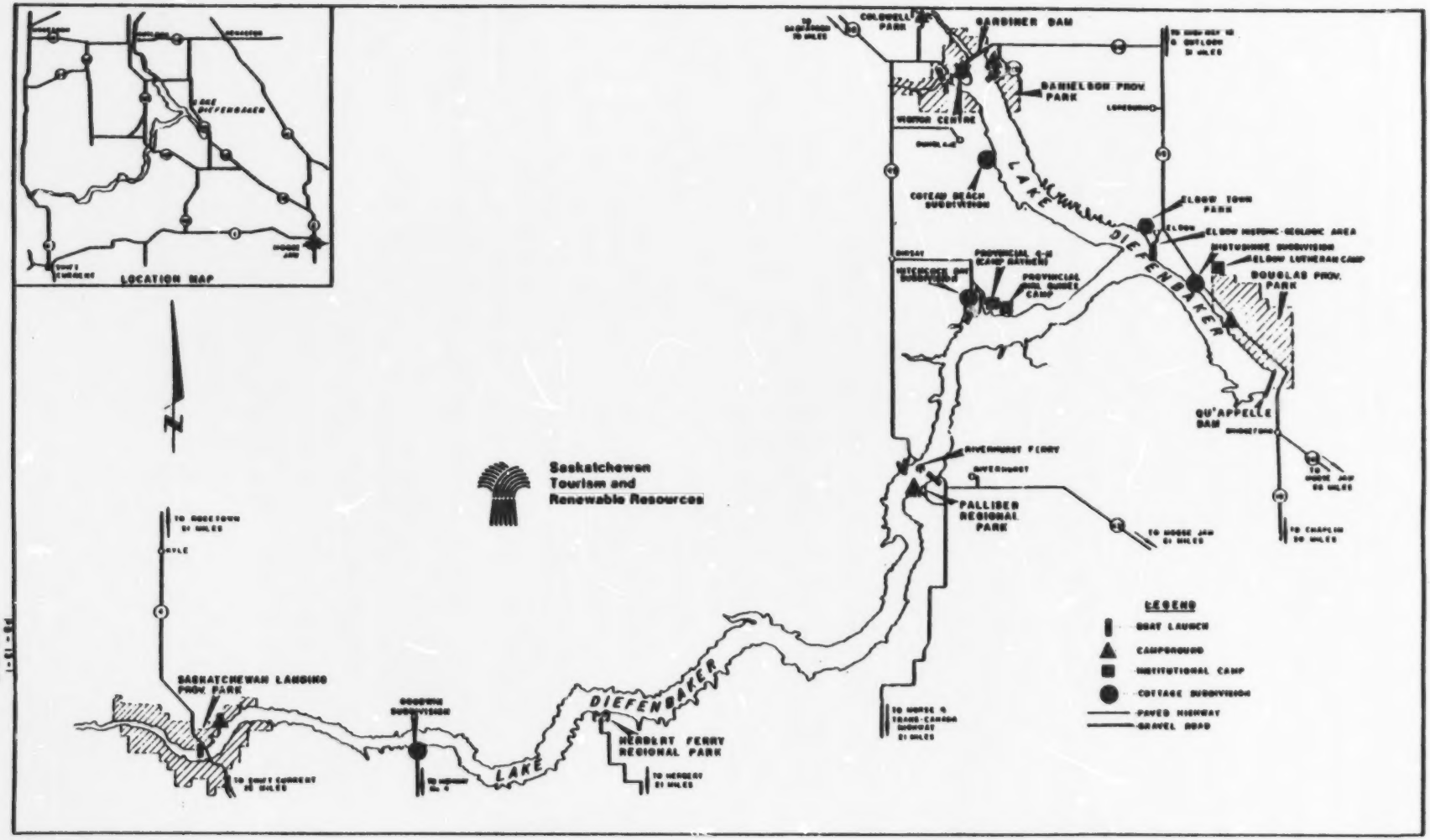
1.4 SECONDARY DATA SOURCES AND LIMITATIONS

A number of reports and publications provided both statistical data as well as expert opinion and assumptions on the development opportunities.

The major reports are:

a) The Lake Diefenbaker Recreation Strategy

This is the major source of information on the recreation potential of Lake Diefenbaker. Although it frequently quotes a number of previous studies, including market surveys and analysis reports, it is not itself a market analysis.



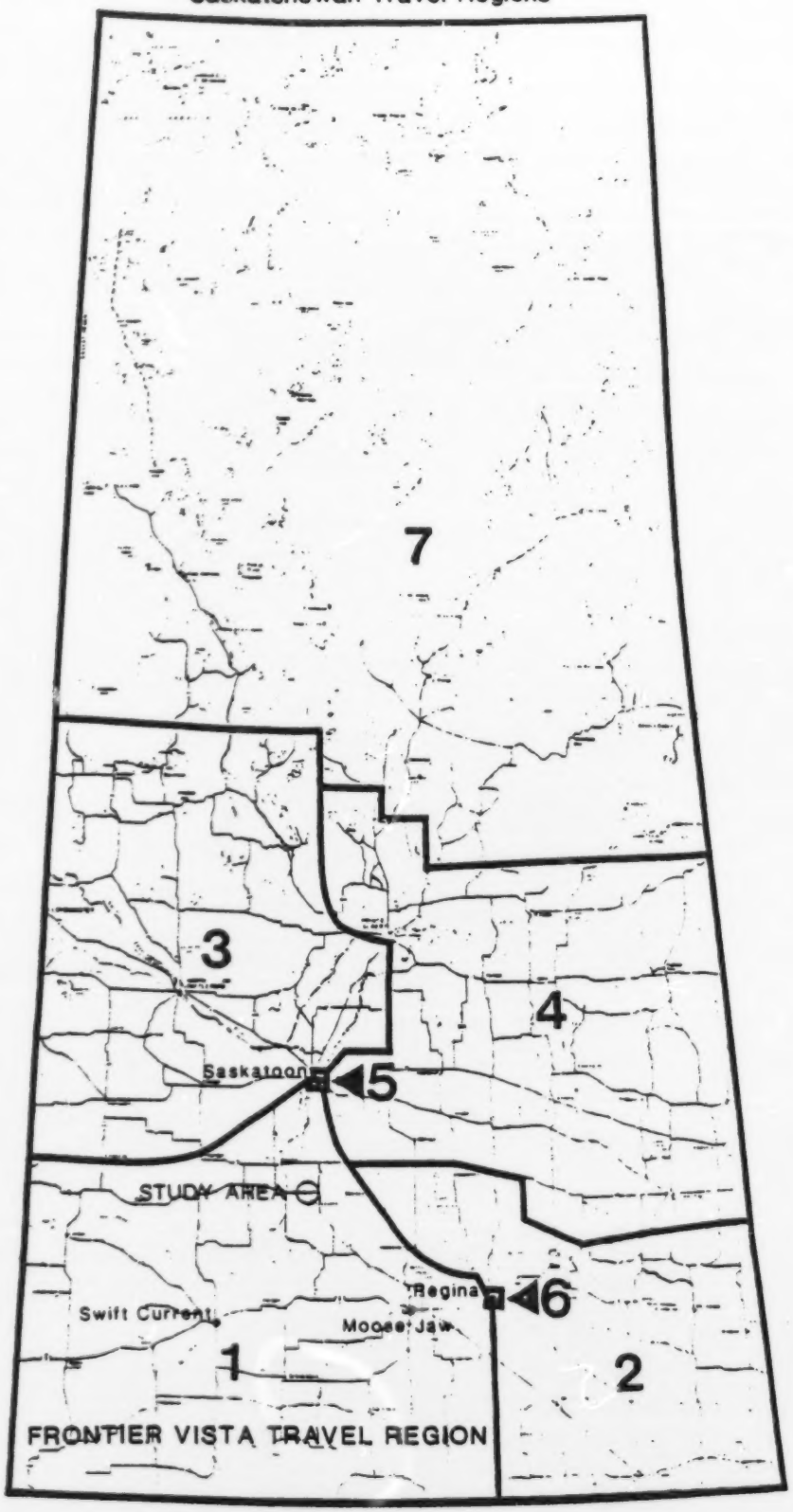
Map 1

Existing Recreation Developments
Lake Diefenbaker

SASKATCHEWAN

Map 2

Saskatchewan Travel Regions



Its proposals are nevertheless based on a comprehensive understanding of the natural resources as well as a complete review of existing data on the market area.

b) Boating on Lake Diefenbaker - A Market Analysis

This is the only study that comprehensively evaluates a particular activity for the lake (boating) and analyses the available markets for that activity. The study outlines the size of the market area population, based on 1976 census data and the size and composition (keelboats, cruisers, day sailers, and outboard motorboats) of the boater population using a "Survey of Residents of the Qu'Appelle Valley Planning Area". Based on this data, the study suggests the approximate requirements for existing and future boating facilities on the lake. Specific attention is paid to the potential for a full service marina at the Elbow Harbour site. Reference is also made to the opportunity for fixed roof accommodation.

c) Tourism and Recreation Opportunities for Southern Saskatchewan (1978)

This document provides pertinent data on the overall user profile of the Saskatchewan resident, the Western-Canadian traveller, the United States traveller to Western Canada, and the local U.S. traveller to Prairie Canada. Like much of the available user profile data, it is macro in scale and does not directly relate to this specific site.

Other data sources that have been consulted as part of the secondary source market research include:

- Visitation Report - 1980, Saskatchewan Provincial Parks, Recreation Sites, Campgrounds and Picnic Areas. Parks and Renewable Resources.

This survey gives the total visitation to all park facilities in the market area including those parks located on Lake Diefenbaker.

The survey provides origin of campers (1979 to 1980), comparison of 1978 and 1980 visitation and vehicles entering the parks (1971-1980).

- Intra-Provincial Travel To and Within Saskatchewan By Canadians for 1982 - Saskatchewan Dept. of Tourism and Small Business.

This study was conducted by Statistics Canada and deals with Number of Person Trips, Purpose of Travel, Occupation and Distance Travelled by Saskatchewan residents and non-residents at both the provincial level and the tourism region level. Again, this is macro data and does not directly relate to the Elbow Harbour site.

- 1982 Visitation and Outdoor Recreation Statistical Report - Saskatchewan Parks and Renewable Resources.

This is a comprehensive "statistical handbook" on the provincial recreation facilities. It deals with recreation facilities at the provincial level, visitation to provincial parks by region, an overview of campgrounds and camping by region and a summary of Commercial Accommodation. The recreation regions do not correspond to the tourism regions (i.e. Lake Diefenbaker is in both the Saskatoon and the Swift Current Recreation Region) nevertheless it is the individual inventories and visitation of each park campground and recreation facility (e.g. golf course) that provides useful data.

- Canadian Facts C8705

This computer printout provides information on visitation between region and on non-resident travellers to each of the seven regions. It also gives a breakdown, by region, of activity participation at main destinations, distance travelled to main destinations, person nights in all main destinations, and types of overnight accommodation by region. The data reflects certain user

preferences for the Frontier Vista region but is not specific for visitors to the eastern section of Lake Diefenbaker.

This is the most recent information that allows us to calculate the size of the primary market, i.e. within two hours or 180 km of Elbow Harbour.

- Vacation Habits of Travellers in Ontario, Montana, North Dakota and Minnesota conducted for Saskatchewan Tourism and Small Business.

The survey is a detailed assessment of the perception in those markets of Saskatchewan and vacation opportunities in the province. It deals with what might be considered a secondary market. However, this market is considered to be relatively unimportant to Elbow.

- Lake Diefenbaker Recreational Fishing, 1983 Saskatchewan Parks and Renewable Resources (Fisheries Laboratory).

This document provides the supporting statistical data that implies that Lake Diefenbaker has an important sport fishing potential. It also gives an indication of number of anglers and origin, angling pressure, and suggests fish management practices.

2. PHYSICAL RESOURCES

2.1 LAKE DIEFENBAKER

2.1.1 Overview

Lake Diefenbaker is the largest body of water in southern Saskatchewan. Its 470 km^2 surface extends for a length of 222 km. There are 145 km of navigable water available between the Gardiner Dam and Saskatchewan Landing Provincial Park which provides the longest distance of boat cruising water in southern Saskatchewan. The lake is also bound by more than 800 km of undulating and convoluted shoreline edged by gravel and sand beaches.

The lake region is, for the most part, flat agricultural lands with little natural tree cover or topographic undulation.

The climate is ideal for many summer water-based activities and lake temperatures are excellent. Low and unpredictable snowfall in winter however severely restricts winter recreation opportunities.

2.1.2 Water-based Opportunities

Lake Diefenbaker with its fishing, boating, swimming, water-skiing and sightseeing potential represents one of the best water-based recreation and tourism opportunities in southern Saskatchewan.

Water quality has consistantly been amongst the highest in this part of the province, and with proper management of water resources, these conditions could be maintained despite increased recreational use of the lake.

The lake is however handicapped by two phenomena:

- winter drawdown; and
- shoreline erosion and sedimentation.

While water levels rise during the spring runoff and remain relatively steady from July and October, increased winter power demand combined with low inflow cause as much as a 7 m drawdown. This significantly reduces the potential for winter recreation use of the lake due to unstable ice conditions.

Shoreline erosion, due to fluctuating water levels and wave action has been taking place at a rate of 4 m/year. This causes shallow off-shore conditions which can be hazardous to sail boating.

2.1.2.1 Lake Activities

- Boating

Boating is one of the most popular attractions on the lake and the Provincial Government has provided a number of boating facilities including 5 launching ramps and five docks. Cottage subdivisions also provide facilities. There are no marinas, permanent boat mooring sites or boat rental concessions, however the Lake Diefenbaker Yacht Club does operate a privately owned dry storage facility at Elbow Harbour.

Boating is a popular activity with visitors, (15% to 30% of the visitors to the three Provincial Parks are boaters and Saskatchewan Landing is the most popular park), where it is estimated that an average of 250 boats used the launching ramp on a typical day in 1981[2].

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[2]Boating on Lake Diefenbaker - A Market Analysis; Hough Stansbury and Mihaliski Ltd., Toronto, 1982

There are however no fueling facilities and this discourages extended-stay motor-boating.

- Fishing

A 1983 survey of recreational fishing on Lake Diefenbaker[3] suggested that 6,671 anglers visited the lake at Danielson-Douglas, Riverhurst and Saskatchewan Landing. Boat anglers accounted for 53.6% and 46.4% were shore anglers. They took approximately 10,000 game fish with walleye being the most abundant at 66.9% of the catch. Research done that year would suggest that whitefish and walleye yields could be the highest in the province. The lake, therefore, is highly under-utilized[3] yet has the potential to attract many more anglers and eventually become one of the most important fishing areas in Saskatchewan.

2.1.3 Land-Based Opportunities

Following the construction of the dams, a number of recreation sites were developed along the shore of the Lake. Each facility respresents a significant attraction to the lake and provides service to most of the existing visitors. The facilities include provincial, regional and recreational parks and cottage subdivisions. They are described in detail in the "Lake Diefenbaker Recreation Strategy".

Visitors to these developments represent most of the existing markets to Lake Diefenbaker. In particular the day users and overnight visitors of Danielson and Douglas Provincial park, the Elbow Provincial Recreation site, the Resort Villages of Mistusinne and Coteau Beach would have the biggest immediate impact on development at Elbow Harbour.

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[3]Lake Diefenbaker Recreation Fishing, 1983, Saskatchewan Fisheries Laboratory, Department of Renewable Resources (M.Y. Chin), Technical Report 83-4 Saskatchwan, November 1983.

2.1.3.1 Land-Based Activities

- Camping

There are 486 campsites located around the lake and camping is unquestionably one of the biggest attractions. Most campers come from within the market area and Saskatoon is the principal origin for those using the sites at Danielson and Douglas Provincial Parks. Despite a general decrease in camper visitation between 1979 and 1980, partially due to the poor weather and Celebrate Saskatchewan activities, Douglas Provincial Park had a 50% increase in the number of vehicle entries. Between 1981 and 1982 Danielson Provincial Park increased by approximately 5,000 vehicles and Douglas Provincial Park by 2,000 vehicle entries. The camping facilities then seem to be increasingly popular as more people learn of the docking, boat launching and camping facilities on Lake Diefenbaker.

- Hunting

Lake Diefenbaker is one of the most important sport hunting areas in Saskatchewan. Waterfowl (e.g. geese) are abundant and there are sufficient mule deer and antelope to sustain a reasonable catch. Hunting is particularly significant to this project as hunters may be an important market in the fall season.

- Hiking

Hiking or recreational walking was the most popular activity of residents of the Qu'Appelle Valley Planning Area[4]. The Lake Diefenbaker shoreline offers ample opportunity for this activity. If a tree planting program is to be established, then the area will become even more attractive.

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[4]Survey of Residents of the Qu'Appelle Valley Planning Area, Canadian Facts, 1979.

2.2 ELBOW PROVINCIAL RECREATION SITE

The site is ideally located on the shore of Lake Diefenbaker and adjacent to the Village of Elbow. The area is presently the focus of sailboating on the lake and most of the boats are moored in the various harbours along this stretch of shoreline.

A number of studies including:

- the Lake Diefenbaker Recreation Strategy;
- Tourism and Recreation Opportunities of Southwestern Saskatchewan; and
- Boating on Lake Diefenbaker - Market Analysis;

have suggested that this site be used for a marina and Lake Activity Center.

The concept proposed by the Lake Diefenbaker Recreation Strategy Development Concept is for - "a major marine-based recreation development providing a full service marina and associated recreation opportunities of a type and quality unique to Saskatchewan".

> "a marine environment atmosphere recognizing Lake Diefenbaker's large scale, the expanse of fresh water at The Elbow and the already partially realized role of the area as the sailing center of Saskatchewan."

The Tourism and Recreation Opportunities for Southwestern Saskatchewan Study encourages "the development of Elbow as a regional tourist service center and construction of a regional marina at Elbow Harbour (on Tufts Bay) including moorage slips (power and non-power, electricity, food, fuel, communication and accommodation).

As well, the Boating on Lake Diefenbaker - A Market Analysis report suggests a 150 to 200 slip marina at Elbow.

Finally the recent Saskatchewan Development Strategy proposes that the site be considered as a year-round destination resort, including a variety of indoor recreation facilities (tennis, sauna etc.) as well as making artificial snow for cross-country skiing.

The only other report that bears significant relationship to the development of Elbow Harbour is the Report on the Regional Scan of Tourism and Recreation Development Opportunities - A Background Paper for Park Policy and Tourism - 1980.

Although the document does not deal directly with Elbow Harbour it does in each of its three proposed strategies call for "accommodation complex, marina, tours, trails, campgrounds, golf course" in Danielson Provincial Park.

As suggested in several studies, this mix of facilities would be better located at Elbow Harbour.

One of the strategy objectives of the Regional Scan is to provide more "extended stay opportunities" in the province (in this case on Lake Diefenbaker). The Elbow Harbour Activity Center would satisfy that objective at a central location and, according to the market analysis of boating activities, it would also provide superior boating opportunities.

3. MARKET POTENTIAL

3.1 MARKET DEMAND

The evaluation of demand for fixed roof accommodation, golf course, food services marina and boat rental facilities at Elbow Harbour will be based on:

- an analysis of existing markets to Lake Diefenbaker;
- an assessment of new potential markets in the primary market area;
- a comparison with other similar facilities within the Province of Saskatchewan; and
- a review of competing resources.

While each process will be presented separately, the final success of the proposed project will be a result of the interaction of all the outlined market forces.

3.2 EXISTING DEMAND

Lake Diefenbaker is presently attracting a relatively small but rapidly growing visitor population that mostly consists of boaters, anglers, campers, day users and cottagers. Within each market segment there is a potential to attract a certain percentage to an Elbow Harbour lake activity center and its various component services.

While much of the available demand data are macro in scope and deal with either the province as a whole, the Southwestern recreation region or the Frontier Vista Tourism region, there are pertinent statistical factors that relate specifically to Lake Diefenbaker.

3.2.1 Markets to Southwestern Saskatchewan and Frontier Vista Tourism Region

Three data sources[5] have been used to compile a user profile of markets to Southwestern Saskatchewan. Much of that information has been reiterated in the "Lake Diefenbaker Recreation Strategy".

a) "Tourism and Recreation Opportunities for Southwestern Saskatchewan"

Although the report does not provide specific data on markets to Southwestern Saskatchewan it does outline a profile of the Saskatchewan residents, 53% of which live in Elbow Harbour's primary market area (180 km or two hours drive from the site).

- Activity Preference

Visiting friends and relatives is the preferred activity for Saskatchewan residents (22.4%), however the next three activities are readily available at Elbow Harbour; fishing (18.3%), camping (16.3%), boating/canoeing (13.2%). With over half the expressed preferred activities (54.2%) being offered at Lake Diefenbaker, potential to draw Saskatchewan residents to the lake area would seem highly probable.

The southwest region, in particular, seems to respond to the activity preferences of Saskatchewan residents. Over half (52.6%) consider camping (26.3%), boating/canoeing (10.5%), and hunting (5.3%) as their most popular activity in this region.

The ability for this region, and in particular the Lake Diefenbaker Area, to respond to such a large proportion of the

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5 -"Tourism and Recreation Opportunities for Southwestern Saskatchewan".
- "Survey of Residents of the Qu'Appelle Valley Planning Area".
- "Canadian Facts".

population activity preference suggests a growing and long term popularity for the region.

- Types of Accommodation

The southwest's popularity with campers is evident in the fact that two-thirds of the visitors stay in private or government campgrounds. The second highest form of accommodation is rental home/cabin/cottage at 22.6%, which is higher than some other areas of the province and higher than this accommodation use throughout Saskatchewan (18.6%). The report also notes that the residents have a distinct preference for modest expenditures on accommodation. Lake Diefenbaker, and in particular the Elbow Harbour Area, however has relatively few rental cabins other than those cottages rented on an individual basis.

- Seasonality

"Saskatchewan residents on vacation in Saskatchewan have a distinct preference for taking vacations in July (39.5%), and August (25.6%) followed by September (10.9%).[6] These percentages are significantly higher in the Lake Diefenbaker Area. Lack of snow and tree cover combine with a 7 m drawdown on the lake to create an environment that has little to offer the winter visitor.

These conditions constrain the possibilities of having an extended season similar to Cypress Hills. However with fixed roof accommodation and certain indoor recreation facilities there would seem to be an opportunity to extend visitation into the shoulder seasons.

b) "Survey of Residents of the Qu'Appelle Valley Planning Area (1979)"

This study is pertinent because of its findings on the activity patterns of residents adjacent to the Lake Diefenbaker Area.

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[6]"Tourism and Recreation Opportunities in Southwestern Saskatchewan", p.127.

Activities considered important, in terms of their degree of participation, and having potential at Elbow Harbour include, swimming (lake/river), recreation walking, fishing, motor boating and golfing. Some of these activities are popular throughout Saskatchewan. For instance swimming is practiced by 45% of residents and golf, while popular with only 15% of Canadians is done by 27% of Saskatchewan residents[7].

The respondants indicated they would also like to increase their participation in camping, swimming and fishing, most of which would be possible at Elbow Harbour.

c) "Canadian Facts" and "Intra Provincial Travel Within Saskachewan, By Canadians For 1982"

- Origin

There were an estimated 271,000 person-trips to the Frontier Vista Travel Region (Region 1) between July and September in 1983. The large majority were from Saskatchewan (221,000) and most of the trips (41,000) were by regional residents travelling within the region.

The region is the 5th most popular among the seven tourist regions attracting only 12.5% of the Saskatchewan market and slightly less of the combined resident/non resident market (11.5%).

Non-resident visitation to Region 1 is only 8.5% of the overall and Lake Diefenbaker, which is largely unknown to non-residents, would be an even smaller percentage[8]. As well 74.2% of all trips to Region 1 originate from under 320 km away suggesting a primary market area of within 2 to 3 hours drive.

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[7]Statistics Canada, Travel, Tourism and Recreation, #87-401, p. 127.

[8]Exact visitation figures are not available.

3.2.2 Markets to Lake Diefenbaker

Three documents are particularly important to understanding the markets to Lake Diefenbaker and collectively deal, more or less, with three market segments - boaters, anglers and campers.

a) "Lake Diefenbaker Recreational Fishing, 1983"

- Anglers

Based on a preliminary survey of recreational fishing (June 1 to August 31, 1983), 6,671 anglers visited 3 major locations on the lake; Danielson-Douglas, Riverhurst and Saskatchewan Landing. This figure is somewhat conservative since the study did not include the entire lake nor a complete fishing season. The Danielson-Douglas area was the most popular (38%). Most of the anglers came from Saskatchewan and more than half (53.6%) fished from boats. There was an almost equal distribution of weekend-holiday anglers (52.3%) and weekday anglers (47.7%) suggesting a stable and constant flow of users to the lake during the summer.

The 2.6 hour/day spent fishing is relatively low, compared to other lakes (Delaronde Lake, 5.2 hours/day, Lac La Ronge, 4.6 hours/day). Rough water and frequent winds shorten many fishing trips.

Nevertheless the lake is under-exploited and although catches per angler are relatively low, increased knowledge on how to fish these waters will make the lake comparable with others in the province. Should trout enhancement continue there will be even further interest in fishing.

b) "Boating on Lake Diefenbaker - A Market Analysis 1982"

- Boaters

As of 1980, 57,000 Saskatchewan households (18.2%) owned boats,

with an annual growth since 1978, of 10%. This growth rate is the fastest in Canada.

Outboard motor ownership increased by 13% annually from 1978 to 1980 when there were 42,000 households that owned boats (13.4% of population). Within the market area, the study estimated that in 1980 there were:

- 1,200 keelboats or cruisers;
- 2,300 day sailers; and
- 26,000 outboard motor boats.

This translates into about 1,270,000 days per year of motorboating and 40,000 days per year of sailing. Population in the market area has not greatly increased since the study was done, so these figures can be assumed to be acceptable for 1984.

c) "Visitation Report, 1980" - Saskatchewan Tourism and Renewable Resources, and "1982 Visitation and Outdoor Recreation Statistical Report"

Both these reports provide useful information on the camper and day-use markets to the provincial campgrounds and recreation sites. As well the statistical data provides information on occupancy rates and ancillary facilities at the province's four destination resorts: Duck Mountain, Greenwater, Cypress Hills and Moose Mountain Provincial Parks.

The various markets include:

- Provincial Park Users

Douglas and Danielson are the two Provincial Parks that would have the most impact on development at Elbow Harbour.

Visitation has been growing in each of the two parks (Figure 1) as Lake Diefenbaker becomes better known. Douglas has shown the most

FIGURE 1. PROVINCIAL PARK VISITATION COMPARISON 1977-1982
(Vehicles Entering)

PARK	1977	1978	1979	1980	1981	1982
Danielson	29,425	32,402	40,486	30,483	35,852	39,692
Douglas	10,868	12,004	12,400	18,685	23,625	23,906

constant growth and had a remarkable 50.69% increase in number of vehicles between 1979 and 1980 and 1.19% between 1981 and 1982, while Danielson which reached a high of 40,486 in 1979, had a 24.71% decrease in 1980 yet increased 10.71% in 1982. It has only recently returned to those 1979 levels (39,682 in 1982) and seems to be slowly increasing. It is interesting to note that Douglas and Danielson were two of the only seven Provincial Parks that experienced a visitation increase in 1982 when there was an overall decrease of 8.5% around the province.

This increase in number of vehicles has not had a recent impact on campground use and while camper-days had been increasing since the parks opened, they have been more or less constant since 1980. However, camper-days have decreased 11% across the province in the past four years.

Most visitors are from Saskatchewan (Danielson, 85% and Douglas, 89% in 1982) with a modest (Danielson, 11% Douglas, 6%) percentage from Alberta.

While most campers (56% average) use fixed-roof camper units such as cabin trailer, track campers of motor home more than a third are using tents or tent trailers. A portion of this latter group could potentially be interested in renting fixed roof accommodation.

Occupancy is, of course, highest on July and August weekends however it rarely passes 50% on Sundays through Thursday during those months.

- Elbow Recreation Park Users

Elbow Harbour is situated in the Elbow Recreation Park. Following a remarkable 140.16% growth in the number of vehicles between 1981 and 1982 the site is now the fifth most popular recreation site in

the province[9] with 23,608 vehicle entries; yet it does not even have a campground. This growth seems to be a result of demand for water based activities and the growing response to the increased awareness of the boating and fishing potential of Lake Diefenbaker.

Present site facilities are oriented toward boating and fishing (dock, ramp, filleting board, etc.) and it is the home of the Lake Diefenbaker Yacht Club. It seems from interviews, that most site visits are by boaters/anglers, and a future lake Activity Center should focus on their needs.

3.3 POPULATION GROWTH

The area within a 180 km radius of Elbow Harbour serves a population of about 526,000 people (1983)[10], or 53% of the provincial total. This market area contains the two largest cities in the province; Regina and Saskatoon. It also includes the two major centres of Moose Jaw and Swift Current that have populations of over 20,000. About 382,000 people or 72% of the total market area live in these centres while 144,000 live in rural and small communities.

The total population of Saskatchewan has increased significantly from 921,300 in 1976 to 1,015,000 in 1983. Future population projections reveal that by 1994 the provincial total will increase by about 10% or 1% per annum[11]. The market area, however, is expected to experience a higher growth rate at 2%+ per annum over the next 10 years. The major cities of the area will absorb most of this growth[12].

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[9]After Candle Lake, Etter's Beach, Bronson Forest and Anglin Lake.

[10]The market area has been delineated according to the census tract discussions 06, 07, 08, 11 and 12.

[11]Saskatchewan Bureau of Statistics, Project Population, October 1982.

[12]Information from major municipalities within market area.

These population increases have implications on the recreational use and opportunities of Lake Diefenbaker. Projections of the future boating market and activities have been estimated to show the potential for increased usage of the Lake for recreational purposes and overnight visitations. These projections are based on 1980 statistics[13] and incorporate the following assumptions:

- Boat ownership increases are the highest in Canada.
- Boating expenditures increased by 77% in the United States between 1965 and 1975[14].
- While annual boat ownership increases in Saskatchewan will continue to be high (10% overall and 13% for outboard motor boats) because of new facilities and no apparent signs of decrease, at this time, it will slightly drop off over the next 10 years.
- Considering population growth and past performance in the boating sales in Saskatchewan, an average 8% annual growth can be realistically estimated in the market area over the next 10 years.
- The development of Lake Diefenbaker will have a positive impact on boat sales and marketing.

Based on an 8% annual growth, within the next 10 years it is likely that at least 2,600 residents in the market area will own various keelboats and cruisers. Also approximately 54,500 outdoor motor boats and 5,000 day sailers could potentially use Lake Diefenbaker and its associated facilities. Amongst the outboard motor boaters, a significant portion (53%) would possibly use overnight fixed-roof accommodation if they folllowed the patterns of residents of the Qu'Appelle Valley.

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[13] Travel Tourism and Outdoor Recreation Prepared by Statistics Canada, 1980 - 1981 Catalogue 87-401, Chapter 7.

[14] Robert T. Schreiber, Sport Interest, A Travel Definition. Marketing Travel and Tourism, T.T.R.A, Utah, 1976.

3.4 COMPETING FACILITIES

Competition for potential visitors to a Lake Activity Centre on Lake Diefenbaker would come from the following sources:

a) similar lakes within or adjacent to the Lake Diefenbaker market area;
b) destination resort parks within the province offering a similar mix of activities/facilities/experiences; and
c) popular destination areas.

a) Similar Lakes

- Last Mountain Lake-Regina Beach

This 65 km long lake is located 55 km north of Regina and has traditionally been a favorite area for the Regina population seeking water-based recreation. Both a 120 berth marina and associated facilities as well as a 55 unit campground are located at Regina Beach.

The marina facility is generally full and boating and angling pressure on the lake is at capacity. For those interested in water-based activities on a less populated lake, Lake Diefenbaker offers better sailing opportunities and more varied fishing. It is however 125 km further from Regina than Regina Beach and represents an additional 2.5 to 3 hours driving. As well, the present lack of day use and overnight facilities does not make Lake Diefenbaker an attractive draw. Not only does Regina Beach offer both but there is also the option of returning home after a day of boating/fishing on Last Mountain Lake.

- Fort Peck Lake and Lake Sakakawea

These two major reservoirs, on the Missouri River, have been adequately described in the Boating on Lake Diefenbaker - Market Analysis.

While the two lakes offer similar water-based opportunities, their distance from the Lake Diefenbaker's primary markets does not make them competitive. The two lakes have "considerable unexploited recreational and tourism potential". If Lake Diefenbaker continues to develop its potential, as the two American reservoirs seem to be doing, it will maintain its competitive edge on the Southwestern Saskatchewan markets.

b) Destination Resort Parks

The five existing Destination Resort Parks[15] do not, at present, directly compete with Lake Diefenbaker. They provide very different facilities and experiences and while each one draws from Lake Diefenbaker's primary market, the decision-making or vacation planning process is decidedly different for those going to Lake Diefenbaker from those heading to these Destination Resorts. They would however be competitive with a proposed year-round Lake Activity Center on the lake.

The four provincial destination parks have proven to be extremely popular with the Saskatchewan population[16] as well as with the provincial markets adjacent to the parks (Alberta, Manitoba).

Commercial accommodation for instance has regular occupancy rates of over 95% in July, dropping to 80% in August. Year-round occupancy rates are equally impressive[17]. Statistics are not available for the Waskesiu Town Center, however discussions with the Chief of Visitor Services suggest that because of their

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[15]Cypress Hill Provincial Park, Duck Mountain Provincial Park, Greenwater Provincial Park, Moose Mountain Provincial Park and Prince Albert National Park.

[16]Even Cypress Hills, located on the Alberta border draws 65% of its camper population from Saskatchewan. Commercial accommodation statistics do not exist however interviews suggest they are similar.

[17]Some units are closed for the winter so percentages do not reflect the same number of available units throughout the year.

their conference facilities, the year-round occupancy rates are even higher. In fact winter weekend demand is frequently greater than the supply, especially for small groups and conferences.

The ability of the proposed Elbow Harbour Lake Activity Center to compete with these resources is presented in Figure 2.

c) Popular Destination Areas

Two areas of the province are attractive to many Saskatchewan residents:

- The Qu'Appelle Valley; and
- Northern Saskatchewan.

Both areas have landscapes that are more attractive than Lake Diefenbaker and while the Qu'Appelle Valley is well developed, the north of the province is largely untouched. Both areas offer excellent fishing opportunities but only the north of the province is significantly better than Lake Diefenbaker.

Qu'Appelle is further from the primary market and does not present comparable sailing opportunities.

North Saskatchewan requires a long driving period and its "great outdoors" only appeal to certain market segments (serious outdoor enthusiasts) who would not necessarily go to Lake Diefenbaker. Again, this area could not compete for those interested in sailing.

FIGURE 2. COMPETING FACILITIES

	CYPRESS HILLS P.P.	DUCK MOUNTAIN P.P.	GREENWATER P.P.	MOOSE MOUNTAIN P.P.	PRINCE ALBERT N.P. (WASKESIU)
NATURAL RESOURCE ACTIVITIES:					
Boat/Cruising	X	0	0		●
Fishing	X	0	0		0
Nature Interpretation	●	●	0	0	●
Hiking	●	●	●	●	●
Swimming	0	0	0	0	●
Sightseeing	●	0	0	0	●
Beachcombing		0	0	0	0
Cross Country Skiing	0	●	0	●	●
MAN MADE FACILITIES:					
Federal Parks					●
Provincial Parks	●	●	●	●	
Festivals/Events			0		0
Historic Sites	●*			0**	0
Tours	●	0	0		0
SERVICES:					
Marina	X	0	0	0	●
Golf	0	●	0	●	●
Campground	●	●	●	●	●
Commercial Accommodation	●	●	●	0	●
Restaurant	0	0	X	0	●
Tennis	0	0	0	0	0
Boat Rental	X	0	0	0	0
ACCESS TO:					
Similar Markets	●	0	0	●	●
Trans Canada Highway	●			0	

High Competition ●
Moderate Competition 0
Low Competition X

*Ft. Walsh
**Carrington Manor

4. MARKET OPPORTUNITIES

4.1 OVERALL APPROACHES

Market opportunities are a reflection of the ability of certain facilities to successfully operate under existing and potential market conditions.

The proposed facilities for Elbow Harbour are:

- fixed roof accommodation;
- marina;
- golf course;
- boat rental;
- food facilities/restaurant;
- condominiums; and
- seasonal camping.

As a development mix they must respond to a portion of those visitors already coming to the eastern end of Lake Diefenbaker including boaters, anglers, campers, day users and cottages. They must also be able to appeal to the potential extended stay or overnight visitor who may be coming to Lake Diefenbaker because of the water-based activities such as boating, fishing and swimming etc., or simply for rest and relaxation in a pleasant setting at the waters' edge.

An accurate quantitative assessment of the proposed facilities' ability to respond to a specific market demand cannot be made because:

- market data is largely macro in scope and is not directly transferable to site-specific situations; and

- there are no local comparable examples where a similar facility mix are matched to the existing market mix.

However there are three approaches that can be used to evaluate the potential of the proposed facilities to respond to existing and future market trends.

Approach 1: A consideration of expert opinion contained within the planning and marketing studies that have been done concerning Lake Diefenbaker in general and Elbow Harbour in particular.

Approach 2: An evaluation of the present and future visitor potential to be attracted to the proposed facilities.

Approach 3: A comparison between the proposed facility mix and similar developments within the province.

Although each approach may be regarded in itself as providing a significant understanding of the proposed development, it is suggested that the three approaches be considered interdependently for a more comprehensive appreciation of the market opportunities.

4.2 APPROACH 1 - EXPERT OPINION

Three consulting firms with considerable experience in tourism and recreation planning have emphatically stated the need for a marina and fixed roof accommodation as well as food services, boat rental and golf course at, or in close proximity to, the Elbow Harbour site. These facilities are outlined in the following reports:

- Lake Diefenbaker Recreation Strategy;
- Boating on Lake Diefenbaker - Market Analysis;
- Tourism and Recreation Opportunities in Southwestern Saskatchewan; and
- The Saskatchewan Tourism Strategy.

Also, the Regional Scan of Tourism and Recreation Development Opportunities, produced in 1980 by Saskatchewan Department of Tourism and Recreation - Planning Branch, proposes similar facilities at Danielson Provincial Park as part of the provincial strategy to increase extended stay within the province.

All studies focus on the unexploited potential of the lake and propose intense marketing to make the public more aware of the recreation and tourism opportunities of Lake Diefenbaker.

4.3 APPROACH 2 - EXISTING AND FUTURE MARKETS

- Existing Market Review

More than half the provincial population, or 526,000, presently live within the primary market area of a 180 km radius of Elbow Harbour. Because this population basin contains the major urban centers it is expected to grow faster (2% per annum) than other regions of the province and will gain approximately 100,000 people over the next decade for a total of 624,500. This suggests there are possibilities for increased market expansion as well as broad market segmentation.

The present percentage of that primary market population visiting the east end of the lake is not available.

The following number of vehicles (or visitor parties) are however known within the area adjacent to Elbow Harbour:

- Danielson Provincial Park - 39,682 visitor parties
- Douglas Provincial Park - 23,906 visitor parties
- Elbow Recreation Site - 23,608 visitor parties

This represents a total annual visitation of 87,196 visitor parties or, at 3.4 people per vehicle, 296,500 visitors to those three sites.

It would not be wise to use any of the past visitation increases to make trend projections for the next ten years, (Elbow Harbour alone had an abnormal 140% increase between 1981 and 1982). However, if we assume significant growth will continue as in the past and that it will be accelerated by a Lake Diefenbaker

marketing campaign, new facility development on the lake and increases in water-based outdoor recreation, then 6% growth per annum would not seem unusual. This growth would then result in 147,000 visitor parties by 1992.

There is also a large and growing number of boaters in the market area, many of whom would be attracted to Lake Diefenbaker and the Activity Center. From a present boat population of 1,200 keelboats/cruisers, 2,300 day sailers, and 26,000 outboard motorboats this market would grow (at 8% per annum) to approximately 2,600 keelboats/cruisers, 5,000 day sailers and 54,500 outboard motorboats by 1990.

- Proposed Opportunities

The market for the major components of the proposed Lake Activity Center will be considered independently although it is understood that the cluster approach greatly contributes to their draw.

Each facility will only be assessed on a four month operational basis (June, July, August, September). Several factors suggest that a year-round development would not be viable for the short and immediate term, including:

- constraints caused by the lake drawdown;
- lack of snow; and
- low existing shoulder season use.

The following facilities are considered feasible on a four to five month basis:

- Marina

The assessment of the boating market in the primary market area seems credible and the proposal for 150 to 200 capacity would be a conservative response to even the "existing" demand.

Discussions with the president of the Lake Diefenbaker Yacht Club indicate that the club would use the proposed 75 slips immediately and will require an additional five to ten slips/year or approximately 150 by 1994.

It would only require capturing 5% of the remaining keelboats, 1% of the day sailers and .25% of the outboard motorboats[18] in the market area, to immediately fill the remaining proposed 125 slips designated for other market segments. This would seem extremely likely.

The proposed 8% annual growth in boat purchases would mean by 1990:

- 2,600 keelboats and cruisers
- 5,000 daysailers
- 54,000 outboard motorboats

This would be when the proposed development would be just into its first years of operation at which time the proposed 200 slips would seem extremely conservative. In fact by the time the Activity Center is ready to open (i.e. 1986) there would seem to be a requirement for at least 250 slips.

- Fixed Roof Accommodation

No data is available on the existing local market demand for fixed roof accommodation since most of the visitors to Lake Diefenbaker are campers or day users. However by "backing into the numbers" it is possible to make certain assumptions that allow us to assess the demand.

The Lake Diefenbaker Recreation Strategy suggests 20 to 40 accommodation units. If 30 units are assumed as a base requirement to

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[18]Based on 1980 unit estimates.

operate a viable lodging service then we may assume a potential to generate a minimum of 2,846 visitor nights per four month[19] season based on 60% occupancy in June and September and 95% in July and August. These occupancies are estimated based on an analysis of occupancy at the four Saskatchewan Destination Resorts, Elbow Harbour's proximity to major urban centres and the traffic volume along Route 11 between Regina and Saskatchewan.

(a) Estimate 1

These proposed occupancy rates could be achieved if the accommodations facilities could attract the following market segments:

- 2% of the overall vehicle entries to[20] Douglas and Danielson Provincial Park (campers, boaters, anglers)
- 5% of the overall vehicle entries to Elbow Recreation Park (day users, boaters, anglers)
- 80 transient (off Rt. 11) visitor-nights in June and in September and 120 visitor nights in July and in August (resident and non-resident travellers).

By the year 1992 it would only be necessary to attract 2% of overall anticipated vehicle entries to these three sites to generate the required 2,846 visitor nights.

(b) Estimate 2

It is impossible to generate specific market segment volumes such as anglers and boaters, since their visitation statistics are not differentiated in the vehicle entry statistics to the three sites (Danielson, Douglas, Elbow). However if we calculate a one night stay by both the known anglers to the Lake Diefenbaker and the boat owners in the primary market area, it takes only a small percentage of each to achieve the required occupancy.

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[19]See Appendix II.

[20]A vehicle entry is considered equivalent to a visitor-party (3.4 persons per vehicle).

- 10% of the anglers (3 months) to Lake Diefenbaker:	667
- 5% of keelboat owners in market area[21]:	60
- 5% of day sailers in market area:	115
- 7% of outboard motor owners[22] in market area:	1,820
- plus the same 400 (Estimate 1) transient visitor nights:	400
Total	3,062

This represents more than the required 2,846, however there is obvious double counting between anglers and boaters.

By 1990 it would only be necessary to attract 4% of the entire boater market (plus 400 transient visitor nights) to achieve the desired occupancy.

These estimated percentage visitor nights seems to be not only attainable but conservative since rental home/cabin/cottage accommodation in southwestern Saskatchewan is the second highest type of lodging (22.6%). In fact, fixed roof accommodation use is higher in the region than the province as a whole (18.6%).

In conclusion, it would seem that the present market conditions would probably support 3,000 plus visitor nights in seasonal accommodation.

Condominiums and the opportunity for "time sharing" packages have also been considered. Because of the seasonal nature of the development and past market performance of condominiums in one season areas, they would not be considered a viable opportunity. Cottage acquisition would be more attractive and there still is an abundance of cottage lots available. However as the overall project develops it may become reasonable for the owner of the

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[21] Interview with president of Lake Diefenbaker Yacht Club

[22] 53% are on overnight trips

proposed accommodation to sell off individual units, clusters or the entire property.

- Golf Course

By comparing the proposed golf course at Elbow Harbour with those at Moose Mountain, Duck Mountain, Valley Center, the Battelsford, Greenwater, and Cypress Hills, it would seem necessary to attract approximately 10,000 visitors to generate approximately $70,000 in revenue.

If we consider that 40% of the visitor parties to Danielson, Douglas and Elbow have two adults then it would be necessary to capture 14% of this market to run an operation comparable to those existing provincial facilities. This estimate represents approximately half of the percentage of the Saskatchewan population that actually plays golf (27%).

Based on the available data it seems that a 9-hole golf course would leave the area under supplied. It would then be wise to consider the construction of an 18-hole course. There are only three significant 18-hole facilities in the province (Regina, Saskatoon and Prince Albert National Park), none of which would be competitive with a quality course at Elbow Harbour. The enthusiasm of residents for golf, the lack of similar facilities in the province, as well as the additional draw of a quality 18-hole facility suggests that an 18-hole golf course be built. A two-phase (9-hole plus 9-hole) development should also be considered if total funds are not immediately available.

- Boat Rentals

There is no data on boat rental usage in Saskatchewan, however if the service was to attract 4% of the visitor parties, to the area then 30 rental boats would be occupied daily for the duration of summer season. This would be able to grow to 45 boats, by 1990, based on 147,000 projected visitor parties.

- Food Service

Although food service would be a necessary part of the overall complex, the facility can be expected to operate successfully as it caters to approximately 1,500 to 1,600 people who may be on the site on a busy summer day[23].

- Seasonal Camping

The addition of a campground to the site would increase volume to such facilities as the restaurant. However attendance at the two provincial campgrounds indicate they both are operating below capacity. An additional campground in the area would affect their existing viability. It can also be assumed that many campers from the two parks will visit Elbow Harbour as part of their activities.

Nevertheless, there may be an opportunity to respond a sliver market such as the high-end recreation vehicle camper looking for fully serviced sites, in a more intimate setting with proximity to resort-like facilities. The approximate 30 to 40 sites could also be managed in conjunction with the fixed roof accommodation adding to its viability.

4.4 APPROACH 3 - COMPARISON WITH OTHER DESTINATION RESORTS

While the quantitative data seem to suggest a ready market for all of the proposed facilities, it is important to compare Elbow Harbour to existing provincial developments of similar quality and style.

This is especially appropriate since there are five similar year-round destination resorts with unique land and water features and

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[23] 102 accommodation users (30 x 3.4), 425 marina users 125 x 3.4), 680 day users (200 x 3.4), 340 campers (100 x 3.4).

serviced by private sector facilities (restaurants, accommodation, boat rentals, etc.).

Figure 3 compares the proposed Elbow Harbour development with the existing resorts.

It is evident that Elbow Harbour would be structurally comparable to these facilities and thus it can be assumed could enjoy the same measure of success. Elbow Harbour also enjoys a number of competitive advantages not found on the other sites including:

- largest lake in southwestern Saskatchewan;
- unexploited fishing and boating potential;
- proximity to Saskatoon and Regina[24];
- proximity to Route #11 (Saskatoon to Regina) and Trans-Canada Highway[25]; and
- rapidly growing visitation.

There are, nevertheless certain disadvantages including:

- lack of tree cover;
- perception in market area as a reservoir and not a recreation resource;
- little opportunity for winter recreation because of lack of snow and lake drawdown; and
- lack of topographic undulation.

When the advantages and disadvantages are combined it is apparent that what Elbow Harbour does not offer in landscape resources is balanced by its proximity to the major urban centers of Saskatoon and Regina.

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[24]Comparative Driving Times:

Elbow Harbour	to Saskatoon 1.5 hrs.	to Regina 2 hrs.
Waskesiu	to Saskatoon 3.0 hrs.	to Regina 6 hrs.
Greenwater	to Saskatoon 3.5 hrs.	to Regina 4 hrs.
Duck Mountain	to Saskatoon 4 hrs.	to Regina 3.5 hrs.
Cypress Hill	to Saskatoon 4 hrs.	to Regina 3.5 hrs.
Moose Moutain	to Saskatoon 5 hrs.	to Regina 2 hrs.

[25]See Appendix III.

FIGURE 3. COMPARATIVE FACILITIES

	FIXED ROOF ACCOMMODATION	CAMPGROUND	MARINA	BOAT RAMP	GOLF COURSE	NATURE TRAILS	RESTAURANT	TENNIS	RECREATIONAL HALL	NATURE CENTER
Proposed Elbow Harbour	30		X	X	X		X			
Cypress Hills	54 *W:25	X		X	X	X	X	X	X	X
Duck Mountain	37 *W:10	X		X	X	X	X	X	X	X
Moose Mountain	53 *W:14	X		X	X		X	X	X	
Greenwater	31 *W:08	X		X	X	X	X	X	X	X
Prince Albert National Park (Waskesiu)	283 *W:44	X	X	X	X	X	X	X	X	X

*W: = No. of Winterized Units

Based on these assumptions then penetration rates will be similar for fixed roof accommodation and summer occupancies will be in the order of:

- 50% to 60% for June and September; and
- 90+% for July and August.

Participation rates at the other proposed facilities (restaurants, boat rental, etc.) should also be comparable.

5. DEVELOPMENT OPPORTUNITIES

5.1 PROPOSED FACILITIES

The market opportunity assessment seems to support the proposal for a Lake Activity Center as outlined in the Lake Diefenbaker Recreation Strategy. This would include:

- Fixed Roof Accommodation - 30 units;
- Marina - 150-200 berths;
- 18-hole golf course (built in two phases); and
- Food services - 1,500 people/day maximum.

a) Fixed Roof Accommodation (Seasonal)

The Market Opportunity Study differs from others (in particular the Provincial Tourism Strategy) in that it does not support a year-round resort at Elbow Harbour. Instead what is proposed is a Seasonal Accommodation Approach based initially on units that cost no more than $13,000 to $15,000 and can therefore generate an immediate return based on a four to five month operation and high occupancy rates.

Such units would be approximately 16'x18', non-insulated, one bedroom with small toilet and minimal kitchen facilities (hot plate, sink). They would probably be prefabricated (3" log) and transported to the site.

Priced at approximately $30 to $35/night, they would be attractive to a growing budget or limited service end of the market[26]. They are a value-oriented and price sensitive group encompassing broad markets. Such units may also appeal to a certain portion of the existing campground market.

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[26]John Rohs, an accommodation financial analysis noted at the T.T.R.A. - 1984 Travel Outlook Forum, that he sees "substantial growth available in the budget accommodation market" he added that even Holiday Inns is adopting a segmentation strategy that will include the budget area.

However the 30 single bedroom units could also be combined with more upscale units with the long term intention oriented to a predominance of high quality fixed roof accommodation (full kitchen and two bedrooms). It is felt that the market would presently support ten such units with another 15 to 20 being added over the next ten years.

As well, as owner development capital becomes more available, it would also be possible to upgrade the initial 30 units with better kitchens and insulation.

Lake Diefenbaker has the necessary physical resources and location to warrant a quality extended seasonal resort, yet growth of accommodation should be structured to meet market demands and cash flow realities.

b) Marina

The 150 to 200 slips seems to be conservative in light of the fact that the Lake Diefenbaker Boating market analysis was done two years ago and there is continued growth in this market. Land-base marina facilities should therefore be planned for 250 to 300 slips in anticipation of additional expansion over the next 10 years.

c) Golf Course

Finally, the 18-hole course will be a significant draw and an integral part of the Conference/Seminar Center. It would also lend credibility and status to the overall development.

d) Food Services

Restaurant, fast food and grocery supplies are necessary for this type of development. Ideally this facility should include a licenced pub which would contribute to the facilities broad market appeal and further encourage investors.

5.2 ADDITIONAL FACILITIES

a) Conference/Seminar Facilities

Over the past five years there has been a growing demand for conference space outside of cities. In 1981, 61% of corporate seminars were held in resort hotels and while this has dropped in the last two years (47% in 1983) the upward trend seems to be back with the rebound in the economy. "Meetings and Conventions" magazine, following a recent survey of conference planners suggests that conference activity will continue to be strong[27].

Demand for such facilities is typically in the shoulder season months of September/October and April/May/June. Saskatchewan has shown a demand for these facilities. Interviews with the Prince Albert National Park, Chief of Visitor Services and the Superintendent of Cypress Hills indicates that their facilities cannot respond to the demand. Waskesiu Town Center is the only resort in Saskatchewan offering year-round conference services and last year had requests to accommodate 3,000 conference delegates from government (nurses, teachers, MOT, etc.) and business (consulting firms, computer firms, etc.). The 44 available winter units are occupied for most of the winter season.

Elbow Harbour, located between Saskatoon and Regina is ideally situated to respond to this demand, especially in the shoulder season where occupancy in the 30 to 40 proposed accommodation units would be lower.

However, other than fishing and hunting, the shoulder season outdoor recreation opportunities are limited. Nevertheless if the development included an indoor recreation component such as a swimming pool, sauna, and recreation room, there might be an opportunity to tap this demand.

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[27]Attendance at American Conventions rose 28%, between 1981 and 1983.

To attract this clientele it would then be necessary to provide conference facilities such as a multi-purpose room, A.V. equipment, full service restaurants, etc.

The quality of these, and ancillary services, must be stressed since they are essential to attracting this market.

b) Tennis

Tennis courts are available at the other destination parks and would be an advantage here.

c) Trails

Unlike other areas of the province there are limited opportunities for trail development here because of the lack of tree cover. In any case, there will be a natural movement of people along the edge or shore of the lake.

d) Food Services

Restaurants, fast food and grocery supplies are necessary for this type of development. Ideally this facility should include a licenced pub.

e) Festivals/Special Events

The site's openness and lakeside location make it attractive for a variety of special events or entertaining activities such as arts and crafts fairs, boat exhibits, musical shows, etc.

A small outdoor theatre and an open exhibit space would facilitate these activities.

5.3 SITE LANDSCAPING

The site's major aesthetic handicap is its lack of tree cover. An extensive tree planting program would greatly relieve this problem and make the site more competitive with the other destinations, especially during the shoulder season.

5.4 DEVELOPMENT LAYOUT

The proposed mix of facilities could be set on the site in the manner suggested in the "Lake Diefenbaker Recreation Strategy" and as presented in the Elbow Harbour Lake Activity Center schematic.

5.5 ADDITIONAL EFFORTS

- Shore Facilities

While the lake offers an excellent boating potential it lacks the shore based facilities to allow for greater movement around the lake. Outboard motorboats are particularly handicapped by the lack of gasoline facilities. Consequently they are not able to fully exploit the lake's resources.

- Marketing and Promotion

Lake Diefenbaker is well known to most residents of Saskatchewan however they do not perceive it as a recreation resource. Promotion of the lake's features and facilities should begin immediately with a major marketing effort coinciding with the opening of the Activity Center at Elbow Harbour.

5.6 DEVELOPMENT SCHEDULE

The strength of the existing markets would suggest that construction of the proposed facilities could start immediately following a detailed financial analysis or an offer from a private investor.

As an Activity Center, the facilities should all be built together. If this is not possible, the marina should be the first component, followed by the day use area, the accommodation units, the food services, the golf course and the boat rentals.

APPENDIX I

INTERVIEWS

Discussions were held with:

- Cal Kirby - Project Manager, Saskatchewan Parks and Renewable Resources; and
- Michael Dalidowicz - Tourism Analyst, Saskatchewan Tourism and Small Business.

As well, expert opinion was gained from interviewing the following individuals.

1. Graham Shasty - President, Lake Diefenbaker Yacht Club

- most of the 75 members overnight at the Elbow Recreation Area
- most stay on their boat
- the marina would clear out on weekends
- 25-30 members take between 1 and 2 weeks on the lake
- desperate need for more shore based facilities around the lake, especially for outboard motor boats
- growth in number of windsurfers
- sailing is rapidly growing and there are approximately 5-10 new members each year
- Elbow Harbour is the best site for a marina but development would be seasonal.

2. Andy Hanna - Hilderman, Witty, Gosby Hanna and Assoc.

- need in Saskatchewan for a quality summer retreat for workshops, and special weekends
- possible shoulder season market
- latent demand for fixed roof accommodations
- food services necessary for sailing crowd
- no precedent for major year-round facility in Saskatchewan other than Prince Albert National Park
- Elbow Harbour has a good mix for attracting the private sector.

3. Murray Evert - Superintendent, Cypress Hills Provincial Park

- definite trend towards greater use of parks in winter
- Cypress Hills is unable, at this point, to respond to conference/ small seminar demand because restaurant is closed in winter
- 10-15 requests/year for conferences, (e.g. teachers, government departments, etc.)
- biggest demand is in September/October.

4. Gary Pollack - Chief of Visitor Services, Prince Albert National Park

- because of their 250 seat auditorium/hall there is a great demand for conference space
- requests for 2985 conference delegates in 1983
- conference demand from IAND, MOT, provincial government, nurses teachers
- Waskesiu Area and Park offer a wide variety of winter activities such as cross-country skiing, skating, curling, sleigh rides, etc.
- the area really has no competition
- major markets areas are:
    - Saskatchewan/Prince Albert - 50%
    - Regina/Moose Jaw - 20%
    - Southwest - 20%
    - Other Provinces - 10%
- proximity to airport at Prince Albert makes the conference facilities attractive.

5. Ron Heppner - Architect, Fenco Lavalin

- a number of prefabricated cabins are on the market. Some are frequently used for small motel or cabin rentals
- when purchasing 30 units, there would be a significant cost reduction in:
    - unit price; and
    - installation

- log structures are easy to build but also provide insulation for the shoulder season. If year-round operation is eventually required, insulation kits may be installed.
- 16' x 18' open beam, log cabins can be purchased for as little as $9,000 and installed on site for another $5,000.
- Firms producing such units include Pan-abode, Lindel Homes, etc.

APPENDIX II

SEASONAL ACCOMMODATION

At this time it is not known what level of financial committment to the project would be considered by government.

Nevertheless 2,846 visitor nights would be the minimum required occupancy for the fixed-roof accommodation to warrant a pay back.

At $35/night this many room nights would generate $99,610 which would just be adequate to:

- service the debt and principal; and
- cover operating expenses

on the $42,000 (30 x $14,000) capital expenditure.

APPENDIX III — COMPARATIVE TRAFFIC VOLUME

Elbow Harbour	Highway 11 - Davidson, - 2,500 vehicles/day
Greenwater	Highway 38, - 250 vehicles/day
Moose Mountain	Highway 9, - 1,350 vehicles/day
Cypress Hill	Trans Canada Highway at Gull Lake, - 2,750 vehicles/day
Duck Mountain	Highway 5 at Kamsack, - 1,100 vehicles/day

APPENDIX IV **REFERENCES**

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